

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6192**

**BILL NUMBER:** HB 1063

**DATE PREPARED:** Nov 13, 2000

**BILL AMENDED:**

**SUBJECT:** Class II Child Care Homes.

**FISCAL ANALYST:** Kathy Norris

**PHONE NUMBER:** 234-1360

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill removes the requirement that a person reside in a child care home to qualify for a license to operate a Class II child care home. The bill lifts the July 1, 1996, moratorium imposed on the licensure of Class II child care homes. (The introduced version of this draft was prepared by the Board for Coordination of Child Care Regulation.)

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** This bill allows individuals to apply for new Class II child care homes and lifts the restriction that a person must reside in the facility. These changes in licensing provisions are not anticipated to have an impact on state expenditures.

*Background Information:* A Class II child care home serves more than 12 but not more than 16 full-time and part-time children at any one time. A Class II license requires more stringent fire prevention and safety precautions than those in place for a Class I license. A total of 58 Class II child care homes are currently licensed by the State. Current law does not allow for any additional Class II child care homes; the enabling statute required that all Class II licenses had to have an application date before July 1, 1996. Qualifications for the Class II license require the applicant to have a Class I license or at least one year's experience in a child care home or child care center. It is not anticipated that lifting the restriction on this license classification will result in a net increase in applications for child care licenses. The impact may be a limited number of requests to convert certain Class I licenses to Class II licenses.

In contrast to the existing Class II child care home regulations, a Class I child care home, may or may not be the care-giver's residence, and is not required to meet the more stringent fire safety requirements of the Class II home. The Class I child care homes may serve any combination of 12 full-time or part-time children at any one time plus 3 children enrolled in at least grade 1. Currently, the additional three school-aged children may not be served when the break in the school year exceeds four weeks. The provider's child or

relative that is over the age of 7 years is not counted in the attendance limit. The rules limit the maximum number of children under the age of 11 years that may be present at any time during the day to a maximum of 15, including the care-giver's related children. There are currently 2,078 licensed Class I child care homes in Indiana.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** The Family and Social Services Administration, Division of Family and Children

**Local Agencies Affected:** County Step Ahead Councils

**Information Sources:** 470 IAC 3-1.3-1 and 470 IAC 3-1.1-0.5; Amy Brown, Legislative Liaison, Division of Family and Children, Phone: 232-4451.